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ABSTRACT

The impetus for North Carolina's Senate Bill 2, the 1989 Flexibility and Accountability Statute, came partly out of the philosophy that restructuring should reach up from the school and not down from the state. The statute offers local school systems the flexibility to develop local plans to improve student achievement through waivers of certain state regulations and funding restrictions, additional pay plan funding, and the establishment of local goals. Participation in the performance-based accountability provisions of the statute is optional but participating in the state's new accreditation program is mandatory. Local school unit plans should be created by school-based planning committees that may be effective in staff development, needs assessment, and action planning. The legislation also calls for an annual report card that assesses state and local student performance improvements. Comments about school improvement, guidelines for participation, questions and answers about the statute, and the text of the bill are provided. (EJS)

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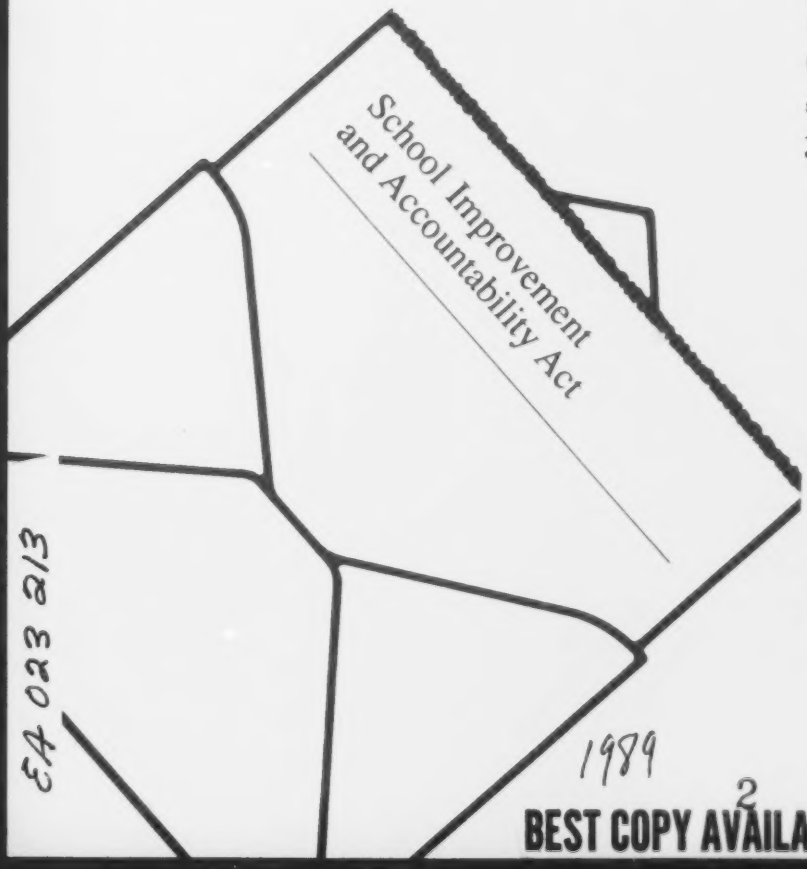
NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

An Invitation to School Improvement in North Carolina



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1989

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Foreword

For at least the last 10 years, local education agencies, superintendents, principals, teachers and other members of the education family have agreed that more flexibility is needed in public education. State and federal report forms, categorical allotments of personnel—even forms for swishing--have mired down the education process and left teachers, in particular, feeling like puppets at the end of a long string pulled by a bureaucratic system they don't understand and can't comprehend.

The Flexibility and Accountability Statute approved by the 1989 General Assembly, Senate Bill 2, offers an opportunity to reverse that process, offers a chance to power down from the top to the classrooms of the state, offers us an occasion to involve teachers, principals, parents and the entire education community in the effort to improve student achievement.

The task will be a complex one. Senate Bill 2 offers flexibility, but it also requires accountability. To work well, the support of all citizens is needed. I look forward to the opportunities ahead to improve education for all.

Bob Etheridge

State Superintendent of Public Instruction

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State Board of Education

BOB ETHERIDGE
State Superintendent of Public Instruction

DR. SAMMIE CAMPBELL PARRISH
Chair, DPI Task Force on Senate Bill 2

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Importance of School Improvement

With the report of the National Commission on Excellence in Education in 1983 came the realization that schools in the United States were not good enough, hard enough, and--perhaps--not well structured to meet the needs of the 21st Century. The report set off a frenzy of similar studies and reports that fueled an education reform movement that is still active across the nation.

North Carolina was caught up in the reform movement and changes were not long in coming. The state embarked on the Basic Education Program in 1985 and commissioned a pilot study on merit pay in 16 school systems. Re-evaluation of teachers was strengthened and entry into the teaching profession was made more difficult while scholarships to attract the state's best and brightest students into teaching were approved.

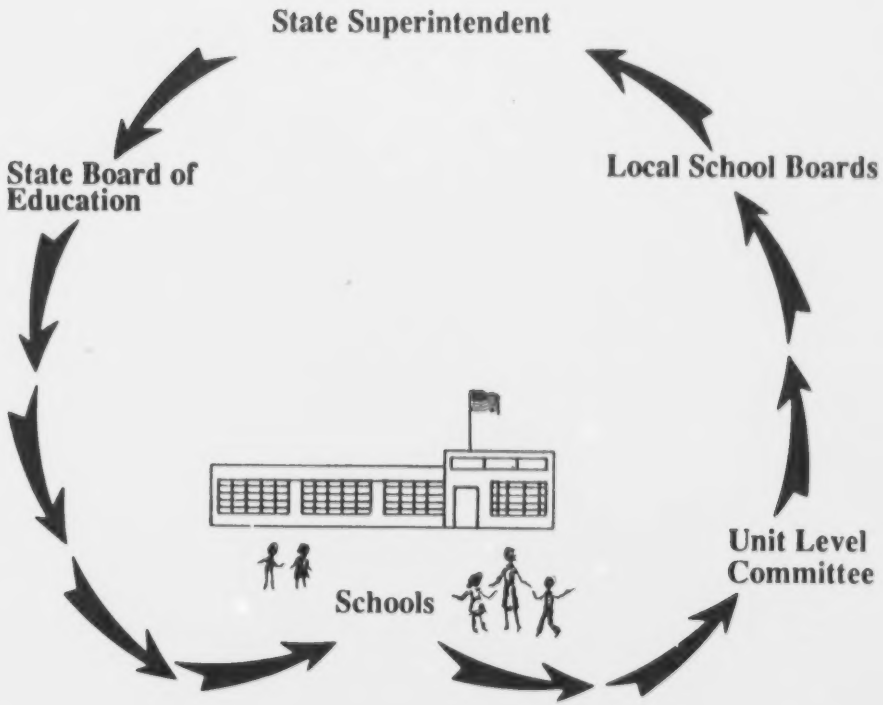
"The impetus for the bill came out of the Carnegie Study and the current philosophy that restructuring must reach up from the school and not down from the state."

In the last five years, salaries have been appreciably improved, and efforts have been made to turn teaching into a more professional career, a change that The Carnegie Study said will require an empowerment of teachers and a restructuring of schools to place more responsibility at the school level. That philosophy, to a large extent, gave rise to Senate Bill 2, the Flexibility and Accountability Statute approved by the 1989 General Assembly.

The impetus for the bill came out of the Carnegie Study and the current philosophy that restructuring must reach up from the school and not down from the state. That philosophy emerged from a 1988 study commissioned by the Public School Forum of North Carolina and the North Carolina Citizens for Business and Industry. That study called for more flexibility in schools and wrote the broad outlines of what became Senate Bill 2.

The task now is to take what many consider the most far-reaching educational statute in the nation and make it work for the good of students and schools.

HOW SENATE BILL 2 WORKS



Comments on School Improvement

"The public wants us to keep score and they want to know the score. If we as educators take hold of this, we can create the report card rather than someone creating it for us. It's our professional responsibility to create it."

—**Dr. Larry Roweder,** Cumberland County Superintendent

"As school districts throughout North Carolina respond to the challenges of Senate Bill 2, we must recognize that the extent of school reform in any district will depend upon the willingness of educators to embrace a common philosophy and common goals for that district, and, in a collegial setting, derive a program of school improvement which embraces the best interests of its young people.

"Greene County's program of school-based management emphasizes results, not process; teachers and administrators are allowed more latitude in determining how they implement programs. Thus, flexibility—in planning, in funding, in implementing school programs—becomes essential. At each school, measurable performance goals, objectives and standards are determined by team research and planning; then the leadership team outlines the process by which specific outcomes will be achieved. Enhanced continuity of programs within the school and the system results."

—**Earl Watson,** superintendent, Greene County Schools

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"...the extent of school reform in any district will depend upon the willingness of educators to embrace a common philosophy and common goals..."

Superintendent Earl Watson

Comments on School Improvement

"It (Senate Bill 2) says from now on you at the local level are to decide what your goals are and how you are going to measure them so we can tell if you are making progress."

— **Rep. Martin L. Nesbitt Jr.**, D-Buncombe

"The good news this year is that lawmakers...put in place reforms that are meant to give the public a better picture of results, while giving teachers and other local educators greater flexibility and greater control....It's not a finished system. It's really a call for the state to listen to local districts, and for local boards and administrators to involve their teachers and principals. The other side of the deal is a new emphasis on plain talk about what progress children are making, district by district and school by school. Both parts are welcome, but neither will come easy."

—Aug. 17 editorial, **The Charlotte Observer**

"SB2, on its own, won't change the way children are educated. But, it opens the system for ideas which can. It allows change, trial and error and takes some of the weight of "The System" off of the backs of those who can innovate, of those who have ideas of how to teach better."

—**Paul O'Connor**, columnist, Sept. 1

"...a call for the state to listen to local districts, and for local boards and administrators to involve their teachers and principals."

The Charlotte Observer

Guidelines

A. All LEAs choosing to participate in the Performance-Based Accountability Program of The School Improvement and Accountability Act (Senate Bill 2) must have a school improvement plan approved by the State Superintendent.

B. Local unit school improvement plans must delineate a set of student performance goals aimed at increasing student achievement. This requirement applies regardless of the LEA's current status relative to student performance. "The performance goals for the LEA school improvement plan shall address specific, measurable goals for all student performance indicators adopted by the State Board." Locally developed student performance goals must be stated in terms of three to five year student performance goals, including annual milestones to measure progress in meeting those goals. (GS 115C—238.3)

C. One intent of Senate Bill 2 is to facilitate school improvement through a "powering down" or decentralizing of decision making. Key to this concept is the involve-

Implementing School Improvement

The School Improvement and Accountability Act offers local school systems the flexibility to develop local plans to improve student achievement. Flexibility is provided through waivers of certain state regulations and funding restrictions, additional funding for differentiated pay plans for employees and the establishment of local goals.

PARTICIPATION

Participation in the performance-based accountability provisions of the Act (Senate Bill 2) is optional for local school units. Superintendents and boards of education must take into consideration the current initiatives and priorities of a local unit in determining whether to participate in school improvement during the first year, 1990-91, or in waiting until another year.

Some aspects of Senate Bill 2, such as the changes in testing and the issuance of a report card by the State Board of Education, will involve all of North Carolina's 134 school units. Also, all school units must participate in this state's new accreditation program. School units participating in the Performance-Based Accountability Program, however, are subject to the performance standards in the state accreditation program but not the opportunity standards.

ment of those closest to students in making important decisions about instruction. The Act requires that a "substantial" number of teachers, school administrators, and other school staff be actively involved in developing school improvement plans. While no specific number or percentage is given, LEAs are urged to comply with the spirit of the law and with the definition of "substantial" which Webster defines as "more than usual; ample; large." (GS 115C—238.3)

D. A participating LEA shall continue to participate in the Performance-Based Accountability Program so long as it has made satisfactory progress. Satisfactory progress shall be defined as achievement of at least 75 percent of the annual milestones delineated by the LEA in its approved local plan. [GS 115C—238.6(b)] LEAs that do not achieve their goals after two years may continue in the program for a third year provided they receive technical assistance from the Department of Public Instruction. If after one additional year a unit does not achieve its goals, the State Board of Education shall decide what steps shall be taken to improve the education of students in the unit.

One of the key aspects of Senate Bill 2 is that it requires the involvement of local school officials, from teachers in the classroom to members of boards of education, in presenting local plans to improve student achievement. The Department of Public Instruction encourages the involvement of local teachers in developing the school-based plans and on unit-wide committees. The intent is to decentralize decision making by involving those closest to instruction of students in developing local plans which must be designed to improve student performance.

The unit-wide committees will likely combine the local school plans into one plan for improving student achievement for the entire system. This plan will be approved by local superintendents and boards of education for submission to the State Superintendent of Public Instruction. Local superintendents must sign a letter of assurances that indicates the plan was:

- approved by the local board of education;
- developed with the involvement of a substantial number of teachers, principals and other appropriate persons;
- based on student performance goals developed by the local board of education and school staffs;
- based on strategies which are included in school plans and have been shown to

E. The indicators which are included in the State Accreditation performance standards will form the basis of the required set of indicators to be used for measuring and assessing student performance in participating LEAs. SAT scores will also be included in the required set of indicators.

1. *Average Daily Attendance Rate*

2. *Successful Completion of 5 Units of Credit for Graduation*

3. *Successful Completion of Courses for Entry to UNC Institutions*

4. *Eligibility for North Carolina Scholars Program*

5. *Vocationall/Job Skill Employment Rate*

6. *North Carolina Competency Tests in Reading*

7. *North Carolina Competency Tests in Math*

8. *North Carolina Competency Tests in Objective Writing*

9. *North Carolina Competency Tests in Essay Writing*

contribute to raising student achievement;

- developed according to the requirements of 115C--238.4 with regard to the differentiated pay plans, if such a plan is included as a part of the local school unit's improvement plan.

STANDARDS

Units that currently meet all or most of the performance standards in the state accreditation program are expected to develop some higher performance standards and student performance goals for subgroups of students who are not achieving at desired levels. Local school units that do not currently meet the performance standards may focus initially on meeting these standards by setting annual milestones designed to move them toward attaining accreditation.

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10. Compensatory Program Achievement Gain Scores in Reading

11. Compensatory Program Achievement Gain Scores in Math

12. Dropout Rates

13. California Achievement Test Scores at Grade 3

14. California Achievement Test Scores at Grade 6

15. California Achievement Test Scores at Grade 8

16. North Carolina Annual Testing Program Writing Essay at Grade 6

17. North Carolina Annual Testing Program Writing Essay at Grade 8

18. North Carolina Science Test at Grade 3

19. North Carolina Science Test at Grade 6

20. North Carolina Science Test at Grade 8

21. North Carolina Social Studies Test at Grade 3

PLANS

Teachers, principals and other school employees who develop local school and unit plans must include student performance goals for three-to-five years. The current level of student performance on each of the goals and the annual milestones or performance targets also must be described.

The local school unit plans will include information on the differentiated pay plan (if that option is selected); a list of non-financial waivers requested and how these waivers will contribute to improved student performance; flexibile funding waivers; and the assurances signed by the superintendent and local board chairman.

In beginning to develop the local plans, school superintendents may want to consider establishing one or more unit-wide committees, as well as committees in each local school.

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22. North Carolina Social Studies Test at Grade 6

23. North Carolina Social Studies Test at Grade 8

24. North Carolina Algebra I Test

25. North Carolina Algebra II Test

26. North Carolina Biology Test

27. North Carolina History Test

28. North Carolina Chemistry Test

29. North Carolina Geometry Test

30. SAT Scores

Additional end-of-course tests and additional end-of-grade tests will be added as they are developed.

F. LEAs may elect to include additional measurable student performance indicators in the set of indicators to be used for measuring and assessing student performance and satisfactory progress. Examples of such indicators are listed below:

- *Post Secondary Plans*
- *Enrollment in Algebra I*

Dr. Sammie Campbell Parrish, chair of the DPI task force on Senate Bill 2, said these committees can set the framework for the local unit and individual school plans. School-based committees may be effective in the following areas:

Staff Development--This group would work with faculty members to assure that they are aware of and understand such concepts as inputs and opportunities versus outputs and measures, student performance indicators, the new state accreditation emphasis, site-based management or decentralized decision-making, flexibility and accountability and other important parts of the School Improvement and Accountability Act.

Needs Assessment--A Needs Assessment committee would work with school-based faculty to examine the school's status with regard to all student performance indicators and determine which indicators to target for improvement.

Action Planning--After completion of the needs assessment, a committee of staff members may develop strategies and plans for addressing the school improvement targets and suggest the waivers, if any, that would help in meeting goals.

- *College Enrollees Requiring Remediation*

G. LEAs who currently meet all or most of the performance standards included in the State Accreditation Plan are required to set additional locally determined student performance goals. In setting these performance goals the LEA must adhere to the following:

1. Establish local student performance goals for any remaining State Accreditation Performance Standards which are currently not met.

2. Establish some local student performance goals which are higher than the performance standards in state accreditation.

3. Develop student performance goals in additional curricula areas and/or in additional grade levels not addressed currently in State accreditation. This requirement applies only after the first year. LEAs may, however, include such indicators during year one if they desire to do so.

Forming a unit-wide committee with school representatives would likely be the most effective way to address the various differentiated pay plans. The same committee also might be used, working with central office staff, to complete the local unit improvement plan based on the plans developed at the local school level.

Teachers should be the major group represented on the local school committees since, ultimately, school improvement rests in the classrooms. Teachers also should be well represented on any unit-wide committees. All school employees will have an important role in informing parents of changes that will be made in schools as a result of the School Improvement Act and the local school improvement plans.

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H. Should a participating LEA choose to develop an evaluation instrument or approach other than the Teacher Performance Appraisal Instrument (TPAI) for use with teachers who have already attained career status, description of such plans must be submitted as a part of the LEA's local plan. (GS 115C—238.2)

I. LEAs are encouraged to utilize their Regional Center staff, Raleigh staff, outside educational consultants, interested non-profit groups and other appropriate educational resources and persons to assist in the development of the most effective plan possible. LEAs are urged to utilize, as examples, the student performance goals being developed by DPI's Office of Research and Development to assist them in properly stating and measuring student performance outcomes.

II. Guidelines—Differentiated Pay

A. In order to participate in the differentiated pay provision of Senate Bill 2, the LEA must participate in the Performance-Based Accountability Program of Senate Bill 2.

Department of Public Instruction staff offer technical assistance to local units in implementing Senate Bill 2 with regional center directors serving as contacts. Specific areas of assistance include strategic planning/needs assessment, using test scores to improve instruction, how to disaggregate test data, introduction to differentiated pay plans, analyzing test scores and others.

ACCOUNTABILITY

Since the goal of the School Improvement and Accountability Act is improved student performance, this legislation includes provisions for ensuring that performance improves in local units.

Although school units must address all indicators, they may target some unit-wide goals, some goals

B. A local board of education that desires to include a differentiated pay plan as a part of its LEA school improvement plan must adhere to the requirements outlined in GS 115C —238.4. The vote, by secret ballot, must indicate that the majority of each of the two groups (1) instructional and instructional support staff and (2) administrators, support the proposed differentiated pay plan in order for the local board to submit a differentiated plan for approval. A differentiated pay plan cannot be submitted to one group and not the other. Both groups must vote on a single plan.

C. The law allows for an optional differentiated pay plan for "certified instructional staff, certified instructional support staff, and certified administrative staff."

D. A differentiated pay plan that grants an across the board salary supplement for all LEA certified employees is not in keeping with the intention or spirit of Senate Bill 2 and, therefore, will not be approved.

E. An LEA may have a differentiated pay plan which includes for individual schools or grades or other combinations.

Legislation calls for the State Board of Education to issue an annual report card for the state and local units to assess efforts to improve student performance. The report card must take into account the progress over the previous years' performance in the school units and in comparing North Carolina with other states. Demographic, economic and other factors that affect student performance also will be considered so local effort can be better described.

DIFFERENTIATED PAY

Local school units that decide to include a differentiated pay plan will base their plans on:

- the Career Development Program (as piloted in 16 school units);
- the Lead Teacher Program (as piloted in three school units);
- a locally-designed school-based performance program;
- a differentiated pay plan that has been successfully implemented in another state; or
- a locally-designed plan including any combination or modification of these programs.

State funds, based on a percentage of the teacher and administrator salaries, ranging from 2 to 7

some schools and not others, but such a plan must be reviewed and approved by the affected groups. The term "affected groups" means all paid certified instructional and instructional support staff as well as all certified administrators in the LEA.

F. A school-based differentiated pay plan must be designed to include, at least, all full time certified staff in the participating schools.

G. Following the attainment of local school goals in those LEAs utilizing the school-based performance model for differentiated pay, the local board of education, upon recommendation of the principal and superintendent, shall make a determination of which certified staff members contributed to the attainment of these goals. Differentiated pay bonuses will then be distributed to those designated employees. If an LEA chooses to use a school based committee to participate in the review of bonus distribution, this committee shall function only as an advisory committee to the principal. The final responsibility for the evaluation of performance of certified staff and the final decision related to recommendations for bonus distribution presented to the

percent over a four-year period, will be provided local units that elect to participate in differentiated pay. Any differentiated pay is provided as a bonus or supplement to an employee's regular salary.

Making the decision to participate in a differentiated pay plan is part of the flexibility in the School Improvement Act. Local differentiated pay plans must have the support of school employees. This support is determined by a vote (secret ballot) of affected staff members. Differentiated pay plans can be included in the local unit's school improvement plan if the pay plan has the approval of a majority of the affected staff members.

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superintendent is vested in the principal.

III. Guidelines—Flexible Funding

A. If an LEA requests in its plan a waiver of the purpose for which state funds may be used, a justification must be provided for the granting of the waiver establishing the necessity for the waiver in order for the unit to reach its local accountability goals.

B. Transfers creating positions from nonposition categories must include matching benefit costs.

C. Converting or transferring positions or portions of positions from varying lengths of employment must be on a prorata basis and at the beginning salary level of the original classification.

D. Uses of funds for purposes not currently authorized must be specifically requested.

E. All units participating in the Performance-Based Accountability Program will have the cate-

FLEXIBILITY

One key to successful implementation of the School Improvement and Accountability Act is the flexibility offered local schools and units through the waiver of certain laws. In submitting local plans, school administrators will take into consideration their strategies and what waivers of state laws would allow them to meet their goals.

Waivers may be requested for all state policies and regulations, except those pertaining to state salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers

gories of instructional materials, supplies and equipment; textbooks; testing support and driver education (excluding teacher months of employment and matching benefits) consolidated. No specific request is required.

F. Participating LEAs are expected to provide maximum funding flexibility in the use of school funds to individual schools to enable them to accomplish their individual school's goals.

G. Transfers of positions or portions of positions to dollars may be requested for the purpose of one time expenditures such as capital outlay, administrative equipment or software, etc.

H. Transfers of funds cannot obligate the State to a greater cost than the original allotment.

I. Categories for which waivers will not be considered are:

1. Teacher Assistants (flexibility in assignment is allowable)
2. Matching State Funds for Federal Vocational Education:
a. Non-matching

and administrators set out in G.S. 115C-325, health and safety codes, compulsory school attendance, the minimum lengths of the school day and year and the Uniform Education Reporting System.

After a review, the State Superintendent will present these requests for waivers to the State Board of Education. The State Board is allowed by law to waive many regulations and the Board and State Superintendent have said that they want to be as flexible as possible in helping local units meet their goals while maintaining accountability.

A provision in the School Improvement Act also allows for flexibility in funding to best meet local needs. A provision in the legislation allows increased flexibility in the expenditure of state funds by combining into one category the existing categories for instructional materials, supplies and equipment, textbooks, testing support and driver's education (except for driver's education teachers).

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b. State Months of Employment used to match Federal Funds—67% of each unit's State Months of Employment must be used for federal maintenance of effort requirements.

3. *Transportation*
4. *Employee Benefits (including annual leave and longevity)*
5. *Group Home*
6. *Willie M.*
7. *Developmental Day Care*
8. *All Federal Funds*

Senate Bill 2 also frees the local units from submitting many reports and plans that are currently required in various areas in the Department of Public Instruction. Department staff members are making every effort to see that reports are consolidated so local units can put their emphasis on improving student performance--the ultimate goal of the School Improvement and Accountability Act.

Key Dates for School Improvement

Nov. 2, 1989
State Board adopts School Improvement Guidelines

November-February
School systems develop plans and votes taken on differentiated pay plans, if this option is chosen

March 1, 1990
School system plans due in to Department of Public Instruction

July 1, 1990
Systems with approved plans begin implementation

Questions & Answers

Q. What is the purpose of Senate Bill 2?

A. Senate Bill 2, the School Improvement and Accountability Act of 1989, has a goal of improving student performance.

Q. Why was Senate Bill 2 adopted by the General Assembly?

A. There is a general feeling among legislators, government leaders and school officials that more decisions about the operation of schools should be made at the local school level. State Superintendent Bob Etheridge is a strong advocate of local control and is excited about the opportunities Senate Bill 2 provides for local input. The bill itself includes the provision that Senate Bill 2 be implemented with a minimum of regulations. Superintendent Etheridge is committed to this concept.

Q. When will Senate Bill 2 begin in local school systems?

A. An invitation has been extended to local school systems to participate in the School Improvement and Accountability Act beginning with the 1990-91 school year. The 1989-90 school year will be a year of planning for Senate Bill 2. State Superintendent Etheridge appointed Dr. Sammie Campbell Parrish, assistant superintendent for program services, to chair a committee of state department officials to develop an implementation plan for Senate Bill 2. Guidelines for implementation were approved by the State Board of Education in November.

Questions & Answers

Q. Will all school systems in North Carolina participate in Senate Bill 2?

A. Local school systems have the option to participate in Senate Bill 2. Systems can choose not to participate in part of Senate Bill 2, can choose to participate only in the flexibility part, can develop a local differentiated pay plan or can choose to participate in both flexibility and differentiated pay. Local differentiated pay plans must have the support of staff members. This support will be determined by a vote (secret ballot) of affected staff members. The pay plan can be included in the local system's school improvement plan if the proposed plan has the approval of a majority of the affected staff members.

Q. How does Senate Bill 2, the School Improvement and Accountability Act, fit in with the the Basic Education Program?

A. The Basic Education Program, through the addition of thousands of teachers and other support staff members in schools, is designed to increase opportunities for students through reduced class size, expanded programs and additional attention to student needs. The BEP puts the framework in place while Senate Bill 2 builds on that framework by giving the staff in local schools more control over decisions. Senate Bill 2 must not be seen as a substitute education reform effort for North Carolina schools. Continued support for the BEP is still critical to ensure that the people and programs are out in the schools working to increase student performance.

Questions & Answers

Q. What kind of differentiated pay plans might be tried in local systems?

A. Local school systems that decide to include a differentiated pay plan shall base their plans on: the Career Development Program (as piloted in 16 school systems); the Lead Teacher Program (as piloted in three school systems); a locally-designed school-based performance program, subject to limitations and guidelines adopted by the State Board of Education; a differentiated pay plan that has been successfully implemented in another state, as determined by the State Board; or a locally-designed plan including any combination or modification of these programs. State funds, based on a percentage of the teacher and administrator salaries, ranging from 2 to 7 percent over a four-year period, will be provided local systems that elect to participate in a differentiated pay plan.

Q. Plan seems to be a key word in Senate Bill 2. What plans are required?

A. School systems that opt to participate in SB2 must submit a local school improvement plan to the State Superintendent of Public Instruction. This plan must include the student performance goals established by local boards of education for the school system and the strategies and plans for reaching these goals. The local system plan will be based on plans for each individual school in the system. Teachers, principals and other administrators are required by law to be "actively" involved in developing these plans.

Flexibility is written in the legislation as local systems can request a waiver of state laws, regulations or policies they feel will keep the system from reaching its goals. After a review, the State Superintendent will present these requests for waiver to the State Board of Education. The State Board is permitted by law to waive state laws pertaining to class

size, teacher certification, assignment of teacher assistants, the use of state-adopted textbooks and certain other stated laws if it determines that these waivers are necessary to enable a system to meet its goals.

Q. What other flexibility is provided by Senate Bill 2?

A. Local school systems that participate in Senate Bill 2 and submit the improvement plans are exempt from state requirements for other reports and plans (except for plans required by the federal government). Also, participating systems are exempt from the opportunity standards and the staffing ratios in the state accreditation program. A provision in the legislation allows increased flexibility in the expenditure of state funds by combining into one category the existing categories for instructional materials, supplies and equipment, textbooks, testing support and driver's education (except for driver's education teachers).

The testing area also will undergo changes as a result of passage of Senate Bill 2. The bill requires the adoption of end-of-course and end-of-grade tests for grades 3 through 12 to measure selected competencies described in the Standard Course of Study. Another key provision may affect the amount of achievement testing in schools. Senate Bill 2 includes the provision that if the State Board finds that testing in grades other than grades one and two is necessary to allow comparisons with national indicators of student achievement, then that testing will be conducted with the "smallest size sample of students necessary to assure valid comparisons with other states."

Text of Senate Bill 2

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION RATIFIED BILL CHAPTER 778

AN ACT TO APPROPRIATE FUNDS FOR THE IMPLEMENTATION OF THE SCHOOL IMPROVEMENT AND ACCOUNTABILITY ACT OF 1989.

The General Assembly of North Carolina enacts:

Section 1. Title of Act. — This act may be referred to as the "School Improvement and Accountability Act of 1989."
Sec. 2. Legislative Intent. — It is the intent of the General Assembly that this act be implemented with a minimum of regulations.
Sec. 3. Performance-based Accountability Program. — Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:
"Part 4. Performance-based Accountability Program.
"**§ 115C-238.1. Performance-based Accountability Program; development and implementation by State Board.**

The State Board of Education shall develop and implement a Performance-based Accountability Program. The primary goal of the Program shall be to improve student performance. The State Board of Education shall adopt:

(1)Procedures and guidelines through which, beginning with the 1990-91 fiscal year, local school administrative units may participate in the Program;

(2)Guidelines for developing local school improvement plans with three-to-five year student performance goals and annual milestones to measure progress in meeting those goals; and

(3)A set of student performance indicators for measuring and assessing student performance in the participating local school administrative units. These indicators may include attendance rates, dropout rates, test scores, parent involvement, and post-secondary outcomes.

"**§ 115C-238.2 Local participation in the Program voluntary; the benefits of local participation.**

(a) Local school administrative units may but are not required to, participate in the Performance-based Accountability Program.

(b) Local school administrative units that participate in the Performance-based Accountability Program:

(1)Are exempt from State requirements to submit reports and plans, other than local school improvement plans, to the Department of Public Education; they are not exempt from federal requirements to submit reports and plans to the Department.

(2)Are subject to the performance standards but not the opportunity standards or the staffing ratios of the State Accreditation Program. The performance standards in the State Accreditation Program, modified to reflect the results of end-of-course and end-of-grade tests, may serve as the basis for developing the student performance indicators adopted by the State Board of Education pursuant to G.S. 115C-238.1.

(3)May receive funds for differentiated pay for teachers and administrators, in accordance with G.S. 115C-238.4 if they elect to participate in a differentiated pay plan.

(4) May be allowed increased flexibility in the expenditure of State funds, in accordance with G.S. 115C-238.5.

(5)May be granted waivers of certain State laws, regulations, and policies that inhibit their ability to reach local accountability goals in accordance with G.S. 115C-238.6(a).

(6)Shall continue to use the Teacher Performance Appraisal Instrument (TPAI) for evaluating beginning teachers during the first three years of their employment; they may, however develop other evaluation approaches for teachers who have attained career status.

"§ 115C-238.3 Elements of local plans.

(a) The board of education of a local school administrative unit that elects to participate in the Program shall submit a local school improvement plan to the State Superintendent of Public Instruction before April 15 of the fiscal year preceding the fiscal year in which participation is sought. The local board of education shall actively involve a substantial number of teachers, school administrators, and other school staff in developing the local school improvement plan.

(b) The local school improvement plan shall set forth (i) the student performance goals established by the local board of education for the local school administrative unit and (ii) the unit's strategies and plans for attaining them.

The performance goals for the local school administrative unit shall address specific, measurable goals for all student performance indicators adopted by the State Board. Factors that determine gains in achievement vary from school to school; therefore, socioeconomic factors and previous student performance indicators shall be used as the basis of the local school improvement plan.

The strategies for attaining the local student performance goals shall be based on plans for each individual school in the local school administrative unit. The principal of

each school and his staff shall develop a plan to address student performance goals appropriate to the school from those established by the local board of education.

(c) The local school administrative unit shall consider a plan for differentiated pay. The local plan shall include a plan for differentiated pay, in accordance with G.S 115C-238.4, unless the local school administrative unit elects not to participate in any differentiated pay plan.

(d) The local plan may include a request for a waiver of State laws, regulations, or policies. The request for a waiver shall identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals and shall explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.

"§ 115C-238.4. Differentiated pay.

(a) Local school administrative units may include, but are not required to include, a differentiated pay plan for certified instructional staff, certified instructional support staff, and certified administrative staff as a part of their local school improvement plans. Units electing to include differentiated pay plans in their school improvement plans shall base their differentiated pay plans on:

(1) The Career Development Pilot Program, G.S. 115C-363 et seq.;

(2) The Lead Teacher Pilot Program. G.S. 115C-363.28 et seq.;

(3)A locally designed school-based performance program, subject to limitations and guidelines adopted by the State Board of Education;

(4)A differentiated pay plan that the State Board of Education finds has been successfully implemented in another state; or

(5)A locally designed plan including any combination or modification of the foregoing plans.

(b) Support among affected staff members is essential to successful implementation of a differentiated pay plan; therefore, a local board of education that decides that a differentiated pay plan should be included in its local school improvement plan shall present a proposed differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed differentiated pay plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

Every three years, after a differentiated pay plan receives such approval, the local board of education shall present a proposed plan to continue, discontinue, or modify that differentiated pay plan to affected staff members for their review and vote. The vote shall

be by secret ballot. The local board of education shall include the proposed plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

(c) Local school administrative units electing to participate in a differentiated pay plan shall receive State funds according to the terms of the plan but not to exceed:

(1)1990-91: two percent (2%) of teacher and administrator salaries and the employer's contributions for social security and retirement;

(2)1991-92: three percent (3%) of teacher and administrator salaries. and the employer's contributions for social security and retirement;

(3)1992-93: four percent (4%) of teacher and administrator salaries, and the employer's contributions for social security and retirement: and

(4)1993-94 and thereafter: seven percent (7%) of teacher and administrator salaries, and the employer's contributions for social security and retirement. Any differentiated pay plan developed in accordance with this section shall be implemented within State and local funds available for differentiated pay.

(d) Attainment of the equivalent of Career Status I shall be rewarded through a new salary schedule that provides a salary differential when a certified educator successfully completes his probationary period.

(e) Any additional compensation received by an employee as a result of the unit's participation in the Program shall be paid as a bonus or supplement to the employee's regular salary. If an employee in a participating unit does not receive additional compensation, such failure to receive additional compensation shall not be construed as a demotion, as that term is used in G.S. 115C-325.

"§ 115C-238.5.Flexible funding.

For fiscal years beginning with the 1990-91 fiscal year, the State Board of Education, only upon the recommendation of the State Superintendent shall increase flexibility in the use of State funds for schools by combining into a single funding category the existing categories for instructional materials, supplies and equipment, textbooks, testing support, and drivers education except for funds for classroom teachers of drivers education. Only local school administrative units electing to participate in the Performance-based Accountability Program shall be eligible to receive this flexible funding.

Local boards of education shall provide maximum flexibility in the use of funds to individual schools to enable them to accomplish their individual schools' goals.

"§ 115C-238.6. Approval of local school administrative unit plans by the State Superintendent; conditions for continued participation.

(a) Prior to June 30 each year, the State Superintendent shall review local school improvement plans submitted by the local school administrative units in accordance with policies and performance indicators adopted by the State Board of Education. If the State Superintendent approves the plan for a local school administrative unit, that unit shall participate in the Program for the next fiscal year.

If a local plan contains a request for a waiver of State laws, regulations, or policies, in accordance with G.S. 115C-238 3(e), the State Superintendent shall determine whether and to what extent the identified laws, regulations, or policies should be waived. The State Superintendent shall present that plan and his determination to the State Board of Education. If the State Board of Education deems it necessary to do so to enable a local unit to reach its local accountability goals,the State Board, only upon the recommendation of the State Superintendent, may grant waivers of:

(1)State laws pertaining to class size, teacher certification, assignment of teacher assistants, the use of State-adopted textbooks, and the purposes for which State funds for the public schools may be used, and

(2)All State regulations and policies, except those pertaining to State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-325, health and safety codes, compulsory school attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

(b) Local school administrative units shall continue to participate in the Program and receive funds for differentiated pay, if their local plans call for differentiated pay, so long as (i) they demonstrate satisfactory progress toward student performance goals set out in their local school improvement plans; or (ii) once their local goals are met, they continue to achieve their local goals and they otherwise demonstrate satisfactory performance, as determined by the State Superintendent in accordance with guidelines set by the State Superintendent.

If the local school administrative units do not achieve their goals after two years, the Department of Public Instruction shall provide them with technical assistance to help them meet their goals. If after one additional year they do not achieve their goals, the State Board of Education shall decide what steps shall be taken to improve the education of students in the unit."

Sec. 4. End-of-course and End-of-grade Tests. — G.S. 115C-174.1 1(c) reads as rewritten:

"(c) ~~Competency Based Curriculum Testing. — In order to provide achievement information and educational accountability as part of the Basic Education Program, the State~~

~~Board of Education may acquire, in the most cost-efficient manner, achievement tests and test information to evaluate achievement in those grades and courses as specified in the Basic Education Program. Information from these tests may be used as one criterion by teachers and local school personnel in arriving at student grades and in making administrative decisions.~~

(c) End-of-course and End-of-grade Tests. — The State Board of Education shall adopt a system of end-of-course and end-of-grade tests for grades three through 12. These tests shall be designed to measure progress toward selected competencies, especially core academic competencies, described in the Standard Course of Study for appropriate grade levels. With regard to students who are identified as not demonstrating satisfactory academic progress, end-of-course and end-of-grade test results shall be used in developing strategies and plans for assisting those students in achieving satisfactory academic progress."

Sec. 5. Testing for Comparisons of Student Achievement. — Effective July 1, 1992, G .S. 115C- 174.11 (a) reads as rewritten:

"(a) Annual Testing Program. ~~In order to assess the effectiveness of the educational process, and to ensure that each pupil receives the maximum educational benefit from the educational process, the State Board of Education shall implement an annual statewide testing program in basic subjects. It is the purpose of this testing program to help local school systems and teachers identify and correct student needs in basic skills rather than to provide a tool for comparison of individual students or to evaluate teacher performance. The annual testing program shall be conducted each school year for~~ the ~~third, sixth and eighth grades. Students in these grade levels who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing program if special testing procedures are required for testing such students. The State Board of Education shall select annually the type or types of tests to be used in the testing program.~~

The State Board of Education shall also adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests. The State Board of Education shall report to the Joint Legislative Commission on Governmental Operations prior to May 1, 1988, and to the Senate and House Appropriations Committees on Education prior to March 1, 1989, on the assessment instruments it develops.

If the State Board of Education finds that testing in grades other than the first and

second grade is necessary to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states."

Sec. 6. Annual Report Cards for Schools. — G.S. 115C-12(9) reads as rewritten:

"(9) Miscellaneous Powers and Duties. — All the powers and duties exercised by the State Board of Education shall be in conformity with the Constitution and subject to such laws as may be enacted from time to time by the General Assembly. Among such duties are:

a. To certify and regulate the grade and salary of teachers and other school employees.

b. To adopt and supply textbooks.

c. To adopt rules requiring all local boards of education to implement the Basic Education Program on an incremental basis within funds appropriated for that purpose by the General Assembly and by units of local government. The Board shall develop a State accreditation program that meets or exceeds the standards and requirements of the Basic Education Program. The Board shall require each local school administrative unit to comply with the State accreditation program to the extent that funds have been made available to the local school administrative unit for implementation of the Basic Education Program. The Board shall use the State accreditation program to monitor the implementation of the Basic Education Program.

c1. To issue an annual 'report card' for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account demographic, economic, and other factors that have been shown to affect student performance.

d.To formulate rules and regulations for the enforcement of the compulsory attendance law.

e.To manage and operate a system of insurance for public school property, as provided in Article 38 of this Chapter. In making substantial policy changes in administration, curriculum, or programs the Board should conduct hearings throughout the regions of the State, whenever feasible, in order that the public may be heard regarding these matters."

Sec. 7. Existing Career Development and Lead Teacher Pilot Programs.

(a) Notwithstanding the provisions of Article 24B of Chapter 115C of the General Statutes, Article 24B of Chapter 115C of the General Statutes, or any other provision of law, funding for the career development pilot projects and the lead teacher pilot projects shall

continue through the 1989-90 fiscal year. Provided, however, that any additional compensation received by an employee as a result of the unit's participation in the pilot program for the 1989-90 fiscal year and for subsequent fiscal years shall be paid as a bonus or supplement to the employee's regular salary.

Funding of these pilot projects shall continue for subsequent fiscal years only if the pilot units successfully submit local school improvement plans pursuant to the Performance-based Accountability Program, during the 1989-90 school year and during subsequent school years.

(b) Beginning with the 1993-94 fiscal year, the career development and the lead teacher pilot units shall receive only the amount of State funds available for school units participating in a differentiated pay plan pursuant to the School Improvement and Accountability Act of 1989; they shall receive no State funding as career development pilot units or lead teacher pilot units.

(c) The local school improvement plan for each career development pilot program shall include a schedule of modifications to the Career Development Program. This schedule shall result in an incremental reduction or increase, as appropriate, in the amount of funds allocated for differentiated pay so that, for the 1993-94 fiscal year and subsequent fiscal years, the cost of the differentiated pay plan equals the amount of State and local funds available for differentiated pay for school units participating in differentiated pay plans pursuant to the School Improvement and Accountability Act of 1989.

(d) If an employee in a career development pilot unit is recommended for Career Status I or II and that status is approved by the local board of education prior to the beginning of the 1989-90 school year, the local board of education may pay that employee a bonus or supplement to his regular salary. For the 1989-90 fiscal year only, the local board of education may use any State or local funds available to it for the career development pilot program to pay these bonuses or supplements.

(e) Effective at the beginning of the 1989-90 school year, an employee may be considered for Career Status II no earlier than his third year in Career Status I; an employee may be considered for Career Status III no earlier than his third year in Career Status II.

(f) Any career ladder pilot project in a school unit that has resulted from a merger of school units, within the last calendar year preceding the effective date of this act, may be modified by the local school board, upon the recommendation of the State Superintendent of Public Instruction and with the approval of the State Board of Education. This modification shall require no more funds than allocated to the particular project by the State Board of Education from funds appropriated to the State Board of Education in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989.

Sec. 8. The Department of Public Education shall report prior to May 1, 1990, and annually thereafter, on the implementation of the School Improvement and Accountability

Act of 1989, to the chairmen of the Senate and House of Representatives committees on education, appropriations, and appropriations on education.

Sec. 9. Nothing in this act shall be construed to obligate the General Assembly to appropriate any funds to implement the provisions of this act.

Sec. 10 This act is effective upon ratification.

In the General Assembly read three times and ratified this the 12th day of August 1989.